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MM-A-4851

Chief, Foreign Division M

23 January, 1951

Chief of Station, Karlsruhe

Operational/REDBIRD

Progress Report on Source CAPELIN

References: MM-A-3556, MM-A-2333, MM-A-3315, MUNI-1457

1. Since August 1950 when the last progress report was submitted, CAPELIN's true value as a source on Ukrainian emigre activities is gradually being recognized. The return of the ZP UHVR couriers to AMZONE in October 1950 has been instrumental in bringing the question of CAPELIN's usefulness to a head. In the past CAPELIN has been our only independent source who could provide coverage on the CE aspects of the AERODYNAMIC operations. Recently, his background has made him a "natural" for reportage on the controversies between the ZP UHVR and the ZCh OUN. Moreover, on 12 January 1951, CAPELIN was approached by MATVIYENKO and KASHUBA of the SB ZCh OUN to act as their go-between in discussions with the ZP UHVR regarding the proposals of the home-land mandate brought out by the ZP couriers in October 1950. In addition to all above, CAPELIN's background and initiative have made it possible for him to report on all aspects of the Ukrainian emigration. This reportage now, as in the past, is of tremendous value to the case officer in the Ukrainian field.

2. To date, CAPELIN's collaboration with OFFSPRING through the German cut-out, PRAHL (MM-A-3556), has not effected the quantity or quality of his efforts for us. Except for the DEKBACH double agent proposition (MM-A-4741) which involves the wife of the late DMITRIYENKO & DEKBACH, CAPELIN makes no reports to PRAHL on matters involving Ukrainians. As long as CAPELIN's primary loyalty is to us; case officer sees no harm accruing from the fact that he works for OFFSPRING, especially since his collaboration with OFFSPRING became a matter of financial necessity when we dropped him as a paid source in April 1949.

3. Case officer visits CAPELIN weekly at latter's place of residence, Herzog-Heinrichstrasse 38/II near Goetheplatz, Munich. CAPELIN's present place of residence is also the local headquarters of World Church Service Organization of which CAPELIN is the sole staff member. For maximum security, case officer visits CAPELIN at latter's place of residence only after dark when chances of running into any of CAPELIN's informants or sources are least likely.

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4. CAPELIN receives sixteen cartons of cigarettes per month as compensation. Occasionally as a bonus his regular monthly cigarette supply is augmented by several extra cartons or some coffee or tea. CAPELIN has a secure way of selling those cigarettes which he and his wife do not personally smoke (re MUNI-A-3556). ←

5. CAPELIN has been requested to expand his reportage to include the activities of all the Ukrainian emigre groups in Germany, especially from the point of view of their willingness or reluctance to accept the ZP UHVR as the legal foreign representatives of the fighting homeland. At present CAPELIN's most valuable service for us is performed by his reports on the following:

- (a) CE aspects of the AERODYNAMIC operation.
- (b) The ZP UHVR and ZCh OUN controversy
- (c) Sketches on the characteristics and activities of the various personalities in the two above mentioned groups.
- (d) TARAS BULBA BOROVETS and the UKRAINIAN NATIONAL GUARD
- (e) Background and situation reports on the structure and activities of the various Ukrainian emigre groups in Germany at case officer's request.

6. With the recent approach to CAPELIN by MATVIYKO and KASHUBA to act as the ZCh OUN go-between in discussions with the ZP UHVR on the possibility of coming to a compromise in accordance with the proposals in the Homeland 1950 mandate, CAPELIN's value to us has been doubled. In conclusion, case officer would like to reiterate the evaluation of CAPELIN in MGH-A-3315 as our most valuable independent political reporter in Ukrainian affairs.

7. As regards CAPELIN's emigration status (re: MUNI-1457), current attempts by [] to have CIC's card regarding CAPELIN's Abwehr service dragged from Stuttgart CIC registry have been unsuccessful. When approached with a theoretical case of an Abwehr agent applying for emigration, Major Abraham of CIC, Stuttgart, stated that Abwehr connections automatically disqualified individuals. However, if the case should be pressed, it would be tossed to the American Consulate for decision. On the basis of CAPELIN's five years work with us, it is case officer's opinion that we owe him every effort to permit him to complete his processing for emigration to the States. CAPELIN is more than willing to remain in Germany to work for us as long as we request him to stay but he is very anxious to complete his processing for emigration so that he might leave Germany should the international situation become so tense as to make his further presence here extremely risky.

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8. If Washington poses no objections, source CAPELIN will be written up as a regular field project report in the near future.

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